

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-03 STR-04 DOTE-00 /060 W

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R 181510Z AUG 76

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 4800

INFO AMEMBASSY GUATEMALA

AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY SAN SALVADOR

AMEMBASSY MEXICO CITY

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E.O. 11652: N/A

TAGS: EIND, BEXP, CS

SUBJECT: MEETING OF COSTA RICAN AND MEXICAN BUSINESSMEN

1. THE BILATERAL BUSINESSMAN'S COMMISSION, CONSISTING OF COSTA RICAN AND MEXICAN BUSINESSMEN, MET IN SAN JOSE DURING AUGUST 9-11. THE RESULTS OF THE MEETING WERE SUMMARIZED IN A JOINT COMMUNIQUE, EXPRESSING THE AGREEMENTS REACHED BY BOTH SIDES, ISSUED ON THE LAST DAY. THE AGREEMENT CALLED FOR INCREASED COMMERCE BETWEEN COSTA RICAN AND MEXICO, FORMATION OF JOINT VENTURES BETWEEN THE TWO COUNTRIES, TECHNICAL ASSISTANCE FROM MEXICO, AND IMPROVED OVERLAND TRANSPORTATION BETWEEN MEXICO AND CENTRAL AMERICA. TO CARRY OUT THE PROPOSALS IN THE AGREEMENT THE COMMISSION ALSO SUGGESTED ESTABLISHING A HIGH LEVEL WORKING GROUP COMPOSED OF EXPERTS, INCLUDING MEMBERS OF THE BILATERAL COMMISSION, FROM BOTH COUNTRIES.

2. COSTA RICA'S INTEREST IN INCREASED COMMERCE WITH MEXICO STEMS FROM ITS CHRONIC TRADE DEFICIT -- 17 MILLION DOLLARS IN

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1974 ALONE, WITH MEXICO. THE AGREEMENT STATES THAT A

LIST OF COSTA RICAN PRODUCTS WILL BE PRESENTED TO THE MEXICANS FOR APPROVAL FOR IMPORT INTO MEXICO. ERNESTO RUIZ, THE PRESIDENT OF THE COSTA RICAN SECTION OF THE BILATERAL COMMISSION, TOLD AN EMBOFF THAT THE PURPOSE OF THE LIST IS TO GUARANTEE IMPORT LICENSES TO THE APPROVED PRODUCTS. APPARENTLY, UNDER THE PRESENT SYSTEM, COSTA RICAN EXPORTERS DO NOT KNOW BEFOREHAND WHETHER THE PRODUCTS THEY SHIP TO MEXICO WILL BE GRANTED IMPORT LICENSES OR NOT. RUIZ RECOGNIZES THAT THE AGREED PRODUCT LIST WOULD SET A PRECEDENT FOR THE MEXICANS WHO WOULD BE BESIEGED BY OTHER COUNTRIES FOR THE SAME TREATMENT. HE BELIEVES THAT THE MEXICANS AGREED "IN PRINCIPLE" TO THIS APPROACH BECAUSE THEY WANT TO MODERNIZE THEIR ARCHAIC IMPORTING SYSTEM. IN HIS VIEW, THDQ WILL USE THE COSTA RICA/MEXICO AGREED PRODUCT LIST AS A "TEST CASE".

3. THE AGREEMENT ALSO CALLS FOR JOINT INVESTMENT IN A NUMBER OF ACTIVITIES RANGING FROM SAWMILLS TO CONSULTING SERVICES. MAJOR TYPES OF INDUSTRIES THAT WERE INCLUDED IN THE LIST OF POSSIBLE JOINT INVESTMENTS INCLUDE: WOOD PRODUCTS-- SAWMILLS, SEMI-FINISHED WOOD PRODUCTS, FURNITURE, WOOD PULP AND FIBER BOARD, CONSTRUCTION MATERIALS-- CEMENT BLOCKS, CORUGATED METALS, INDUSTRIAL PRODUCTS -- TRANSFORMERS, PRESSURE TANKS, OIL DRILLING EQUIPMENT, CRANES METAL FURNITURE; TOURIST AND URBAN DEVELOPMENT; CONSULTING SERVICES, FEASIBILITY AND ENGINEERING STUDIES. TWENTY EIGHT COSTA RICAN FIRMS AND TEN MEXICAN FIRMS -- DURRAPLY DE PARRAL, ECEMEX, COMEXPO, ICATEC, CONSTRUEXPORT, INDUSTRIA DEL HIERRO, S.A., PROMOCIONES INDUSTRIALES MEXICANAS, CONSTRU-MEXICO, PRODUCTOS METALICOS STEELE, AND TECNIMEXICO-- WERE INTERESTED IN JOINT INVESTMENTS.

4. ERNESTO RUIZ THINKS THAT LABOR PROBLEMS IN MEXICO HAVE CAUSED MEXICAN BUSINESSMEN TO BECOME MORE INTERESTED IN INVESTMENT ABROAD. FOR COSTA RICA, THE PROPOSED JOINT VENTURES OFFER THE OBVIOUS ECONOMIC ADVANTAGE OF INCREASED INVESTMENT WITH PERHAPS SOME TECHNICAL EXPERTISE. RUIZ ALSO BELIEVES THAT SUCH JOINT VENTURES WOULD HELP COSTA RICAN EXPORTS TO MEXICO, SINCE HE ASSUMES THAT THE EXPORTS OF SUCH COMPANIES WOULD BE MORE EASILY LICENSED FOR IMPORT WITH THE MEXICAN INVESTORS APPLYING PRESSURE AT HOME.

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5. THE AGREEMENT ALSO PROPOSED THREE POSSIBLE SOLUTIONS TO THE DELAYS CAUSED BY TRANSSHIPMENT OF MERCHANDISE AT THE GUATEMALAN-MEXICAN BORDER. THE THREE POSSIBLE SOLUTIONS ARE: A) TO INCREASE THE NUMBER OF MEXICAN CUSTOMS AGENTS, B) TO ESTABLISH A BONDED WAREHOUSE AT TECUN-UMAN, GUATEMALA, RUN BY THE MEXICAN FOREIGN TRADE INSTITUTE (IMCE), (THE WAREHOUSE WOULD BE USED TO CONSOLIDATE CARGOES TO AND FROM CENTRAL AMERICA), AND C) TO ESTABLISH A MULTINATIONAL TRUCKING COMPANY TO ELIMINATE THE

TRANSSHIPMENT AT THE MEXICAN BORDER. RUIZ THINKS THAT THE MOST LIKELY OF THE THREE SOLUTIONS PROPOSED IS THE BONDED WAREHOUSE. THE MEXICANS, ACCORDING TO HIM, ARE UNLIKELY TO INCREASE THE NUMBER OF CUSTOMS EMPLOYEES, AND A MULTINATIONAL TRUCKING COMPANY WOULD PRESUMABLY RAISE STRONG OBJECTIONS FROM TRANSPORT INTERESTS IN BOTH MEXICO AND CENTRAL AMERICA. TODMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL PRODUCTION, LABOR RELATIONS, JOINT VENTURES, COMMERCE & INDUSTRY, TRADE AGREEMENTS, CUSTOMS CLEARANCES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: powellba
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SANJO04019
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760317-0514
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760842/aaaabkhv.tel
Line Count: 121
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: powellba
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2004 by coburnhl>; APPROVED <26 OCT 2004 by powellba>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEETING OF COSTA RICAN AND MEXICAN BUSINESSMEN
TAGS: EIND, BEXP, CS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006